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# Congressional Record

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Vol. 146 WASHINGTON, FRIDAY, JULY 14, 2000 No. 91

# House of Representatives

The House was not in session today. Its next meeting will be held on Monday, July 17, 2000, at 12:30 p.m.

# Senate

FRIDAY, JULY 14, 2000

The Senate met at 9:01 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

## PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Gracious Father, our days of work and nights of rest run together. We need You. We praise You for Your love that embraces us and gives us security, Your joy that uplifts us and gives us resiliency, Your peace that floods our hearts and gives us serenity, and the presence of Your Spirit that fills us and gives us strength and endurance.

We dedicate this day to You. Help us to realize that it is by Your permission that we breathe our next breath and by Your grace that we are privileged to use all the gifts of intellect and judgment that You provide. Give the Senators and all of us who work with them a perfect blend of humility and hope, so that we will know that You have given us all that we have and are and have chosen to bless us this day. Our choice is to respond and commit ourselves to You. Through our Lord and Saviour. Amen.

## PLEDGE OF ALLEGIANCE

The Honorable LINCOLN CHAFEE, a Senator from the State of Rhode Island, led the Pledge of Allegiance, as follows:

I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

## RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. L. CHAFEE). Under the previous order, the leadership time is reserved.

## SCHEDULE

Mr. ROTH. Mr. President, today the Senate will begin the final votes on the Death Tax Elimination Act. There are nine votes on amendments and a vote on final passage of the bill. Senators should be aware that all votes after the first vote will be limited to 10 minutes in an effort to expedite the process. Following the votes, the Senate will begin consideration of the reconciliation bill. Under a previous agreement, all Senators who have amendments must debate their amendments during today's session with votes scheduled to occur at approximately 6:15 p.m. on Monday, July 17.

I thank my colleagues for their cooperation.

## MEASURE PLACED ON THE CALENDAR—S. 2869

Mr. ROTH. Mr. President, I do understand there is a bill at the desk due for its second reading.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 2869) to protect religious liberty, and for other purposes.

Mr. ROTH. Mr. President, I object to further proceedings on this bill at this time.

The PRESIDING OFFICER. Under the rule, the bill will be placed on the calendar.

The Senator from Nevada.

## ORDER OF BUSINESS

Mr. REID. Mr. President, it is my understanding this first vote will be 15 minutes and the votes thereafter 10 minutes; is that true?

Mr. ROTH. That is correct.

## REQUEST FOR LEAVE OF ABSENCE

Mr. REID. Mr. President, I ask unanimous consent that Senator DASCHLE be excused from today's proceedings under rule VI, paragraph 2.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, I ask unanimous consent that Senator DODD be excused from today's proceedings under rule VI, paragraph 2.

The PRESIDING OFFICER. Without objection, it is so ordered.

## DEATH TAX ELIMINATION ACT OF 2000

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 8, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 8) to amend the Internal Revenue Code of 1986 to phase out the estate and gift taxes over a 10-year period.

Pending:

Kerry amendment No. 3839, to establish a National Housing Trust Fund in the Treasury of the United States to provide for the development of decent, safe, and affordable housing for low-income families.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Santorum amendment No. 3838, to provide for the designation of renewal communities and to provide tax incentives relating to such communities, to provide a tax credit to taxpayers investing in entities seeking to provide capital to create new markets in low-income communities, and to provide for the establishment of Individual Development Accounts.

Dodd amendment No. 3837, to amend the Internal Revenue Code of 1986 to increase the unified credit exemption and the qualified family-owned business interest deduction, to increase, expand, and simplify the child and dependent care tax credit, to expand the adoption credit for special needs children, to provide incentives for employer-provided child care.

Roth amendment No. 3841, to provide for pension reform by creating tax incentives for savings.

Harkin amendment No. 3840, to protect and provide resources for the Social Security System, to amend title II of the Social Security Act to eliminate the ''motherhood penalty,'' increase the widow's and widower's benefit and to amend the Internal Revenue Code of 1986 to increase the unified credit exemption and the qualified family-owned business interest deduction.

Gramm (for Lott) amendment No. 3842, to provide tax relief by providing modifications to education individual retirement accounts.

Bayh amendment No. 3843, to amend the Internal Revenue Code of 1986 to increase the unified credit exemption and the qualified family-owned business interest deduction and provide a long-term care credit.

Feingold amendment No. 3844, to preserve budget surplus funds so that they might be available to extend the life of Social Security and Medicare.

Roth (for Lott) motion to commit to Committee on Finance with instructions to report back forthwith.

VOTE ON AMENDMENT NO. 3839

The PRESIDING OFFICER. The question occurs on the Kerry amendment No. 3839.

Mr. ROTH. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to amendment No. 3839. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from New Mexico (Mr. DOMENICI) is necessarily absent.

Mr. REID. I announce that the Senator from South Dakota (Mr. DASCHLE) and the Senator from Connecticut (Mr. DODD) are necessarily absent.

I further announce that, if present and voting, the Senator from South Dakota (Mr. DASCHLE) would vote ''aye.''

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 45, nays 52, as follows:

[Rollcall Vote No. 189 Leg.]

YEAS—45

| | | |
|---|---|---|
| Akaka | Feingold | Levin |
| Baucus | Feinstein | Lieberman |
| Bayh | Graham | Lincoln |
| Biden | Harkin | Mikulski |
| Bingaman | Hollings | Moynihan |
| Boxer | Inouye | Murray |
| Breaux | Jeffords | Reed |
| Bryan | Johnson | Reid |
| Byrd | Kennedy | Robb |
| Chafee, L. | Kerrey | Rockefeller |
| Cleland | Kerry | Sarbanes |
| Conrad | Kohl | Schumer |
| Dorgan | Landrieu | Specter |
| Durbin | Lautenberg | Wellstone |
| Edwards | Leahy | Wyden |

NAYS—52

| | | |
|---|---|---|
| Abraham | Gorton | Nickles |
| Allard | Gramm | Roberts |
| Ashcroft | Grams | Roth |
| Bennett | Grassley | Santorum |
| Bond | Gregg | Sessions |
| Brownback | Hagel | Shelby |
| Bunning | Hatch | Smith (NH) |
| Burns | Helms | Smith (OR) |
| Campbell | Hutchinson | Snowe |
| Cochran | Hutchison | Stevens |
| Collins | Inhofe | Thomas |
| Coverdell | Kyl | Thompson |
| Craig | Lott | Thurmond |
| Crapo | Lugar | Torricelli |
| DeWine | Mack | Voinovich |
| Enzi | McCain | Warner |
| Fitzgerald | McConnell | |
| Frist | Murkowski | |

NOT VOTING—3

| | | |
|---|---|---|
| Daschle | Dodd | Domenici |

The amendment (No. 3839) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 3838

The PRESIDING OFFICER. The question is on agreeing to the motion to waive the Budget Act with respect to the Santorum amendment No. 3838. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Pennsylvania (Mr. SPECTER) is necessarily absent.

Mr. REID. I announce that the Senator from South Dakota (Mr. DASCHLE) and the Senator from Connecticut (Mr. DODD) are necessarily absent.

I further announce that, if present and voting, the Senator from South Dakota (Mr. DASCHLE) would vote ''no.''

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 57, nays 40, as follows:

[Rollcall Vote No. 190 Leg.]

YEAS—57

| | | |
|---|---|---|
| Abraham | Campbell | Feinstein |
| Allard | Cleland | Fitzgerald |
| Ashcroft | Cochran | Frist |
| Bennett | Collins | Gorton |
| Bond | Conrad | Grams |
| Breaux | Coverdell | Grassley |
| Brownback | Craig | Gregg |
| Bunning | Crapo | Hagel |
| Burns | DeWine | Hatch |
| Byrd | Enzi | Helms |
| Hutchinson | Lott | Shelby |
| Hutchison | Lugar | Smith (NH) |
| Inhofe | Mack | Smith (OR) |
| Jeffords | McCain | Snowe |
| Johnson | McConnell | Stevens |
| Kerry | Murkowski | Thomas |
| Kohl | Roberts | Thompson |
| Landrieu | Santorum | Thurmond |
| Lieberman | Sessions | Warner |

NAYS—40

| | | |
|---|---|---|
| Akaka | Gramm | Nickles |
| Baucus | Harkin | Reed |
| Bayh | Hollings | Reid |
| Biden | Inouye | Robb |
| Bingaman | Kennedy | Rockefeller |
| Boxer | Kerrey | Roth |
| Bryan | Kyl | Sarbanes |
| Chafee, L. | Lautenberg | Schumer |
| Domenici | Leahy | Torricelli |
| Dorgan | Levin | Voinovich |
| Durbin | Lincoln | Wellstone |
| Edwards | Mikulski | Wyden |
| Feingold | Moynihan | |
| Graham | Murray | |

NOT VOTING—3

| | | |
|---|---|---|
| Daschle | Dodd | Specter |

The PRESIDING OFFICER. On this vote, the yeas are 57, the nays 40. Three-fifths of the Senators duly chosen and not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

VOTE ON AMENDMENT NO. 3837

Mr. DOMENICI. Mr. President, I believe the next amendment is numbered 3837.

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. Mr. President, this amendment offered by Senators WELLSTONE and DODD——

Mr. REID. Mr. President, if I could—I apologize to the Senator—we are having no statements before the votes.

Mr. DOMENICI. I am making a point of order.

Mr. REID. I apologize very much.

Mr. DOMENICI. I thank the Senator.

Mr. President, this amendment increases direct spending in excess of the committee's allocation.

I raise a point of order against the amendment under section 302(f) of the Budget Act.

Mr. WELLSTONE. I move to waive the Budget Act and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. REID. I announce that the Senator from South Dakota (Mr. DASCHLE), the Senator from Connecticut (Mr. DODD), and the Senator from Massachusetts (Mr. KERRY) are necessarily absent.

I further announce that, if present and voting, the Senator from South Dakota (Mr. DASCHLE) would vote ''aye.''

The yeas and nays resulted—yeas 41, nays 56, as follows:

[Rollcall Vote No. 191 Leg.]

YEAS—41

| | | |
|---|---|---|
| Akaka | Feinstein | Mikulski |
| Baucus | Graham | Moynihan |
| Bayh | Harkin | Murray |
| Biden | Inouye | Reed |
| Bingaman | Jeffords | Reid |
| Boxer | Johnson | Robb |
| Bryan | Kennedy | Rockefeller |
| Chafee, L. | Kohl | Sarbanes |
| Cleland | Landrieu | Schumer |
| Conrad | Lautenberg | Specter |
| Dorgan | Leahy | Torricelli |
| Durbin | Levin | Wellstone |
| Edwards | Lieberman | Wyden |
| Feingold | Lincoln | |

NAYS—56

| | | |
|---|---|---|
| Abraham | Fitzgerald | McCain |
| Allard | Frist | McConnell |
| Ashcroft | Gorton | Murkowski |
| Bennett | Gramm | Nickles |
| Bond | Grams | Roberts |
| Breaux | Grassley | Roth |
| Brownback | Gregg | Santorum |
| Bunning | Hagel | Sessions |
| Burns | Hatch | Shelby |
| Byrd | Helms | Smith (NH) |
| Campbell | Hollings | Smith (OR) |
| Cochran | Hutchinson | Snowe |
| Collins | Hutchison | Stevens |
| Coverdell | Inhofe | Thomas |
| Craig | Kerrey | Thompson |
| Crapo | Kyl | Thurmond |
| DeWine | Lott | Voinovich |
| Domenici | Lugar | Warner |
| Enzi | Mack | |

NOT VOTING—3

| | | |
|---|---|---|
| Daschle | Dodd | Kerry |

The PRESIDING OFFICER (Mr. GORTON). On this vote, the yeas are 41, the nays are 56. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

VOTE ON AMENDMENT NO. 3841

The PRESIDING OFFICER. The question is on agreeing to amendment No. 3841.

The amendment (No. 3841) was agreed to.

Mr. ROTH. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 3840

The PRESIDING OFFICER. The question is on agreeing to amendment No. 3840. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arkansas (Mr. HUTCHINSON) and the Senator from Vermont (Mr. JEFFORDS) are necessarily absent.

Mr. REID. I announce that the Senator from South Dakota (Mr. DASCHLE) and the Senator from Connecticut (Mr. DODD) are necessarily absent.

I further announce that, if present and voting, the Senator from South Dakota (Mr. DASCHLE) would vote ‘‘aye.’’

The result was announced—yeas 42, nays 54, as follows:

[Rollcall Vote No. 192 Leg.]

YEAS—42

| | | |
|---|---|---|
| Akaka | Bingaman | Byrd |
| Baucus | Boxer | Cleland |
| Bayh | Breaux | Conrad |
| Biden | Bryan | Dorgan |
| Durbin | Kerry | Murray |
| Edwards | Kohl | Reed |
| Feingold | Landrieu | Reid |
| Feinstein | Lautenberg | Robb |
| Graham | Leahy | Rockefeller |
| Harkin | Levin | Sarbanes |
| Hollings | Lieberman | Schumer |
| Inouye | Lincoln | Torricelli |
| Johnson | Mikulski | Wellstone |
| Kennedy | Moynihan | Wyden |

NAYS—54

| | | |
|---|---|---|
| Abraham | Fitzgerald | McConnell |
| Allard | Frist | Murkowski |
| Ashcroft | Gorton | Nickles |
| Bennett | Gramm | Roberts |
| Bond | Grams | Roth |
| Brownback | Grassley | Santorum |
| Bunning | Gregg | Sessions |
| Burns | Hagel | Shelby |
| Campbell | Hatch | Smith (NH) |
| Chafee, L. | Helms | Smith (OR) |
| Cochran | Hutchison | Snowe |
| Collins | Inhofe | Specter |
| Coverdell | Kerrey | Stevens |
| Craig | Kyl | Thomas |
| Crapo | Lott | Thompson |
| DeWine | Lugar | Thurmond |
| Domenici | Mack | Voinovich |
| Enzi | McCain | Warner |

NOT VOTING—4

| | |
|---|---|
| Daschle | Hutchinson |
| Dodd | Jeffords |

The amendment (No. 3840) was rejected.

Mr. LOTT. I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 3843

The PRESIDING OFFICER. The question now is on agreeing to the Bayh amendment No. 3843. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arkansas (Mr. HUTCHINSON) is necessarily absent.

Mr. REID. I announce that the Senator from South Dakota (Mr. DASCHLE) and the Senator from Connecticut (Mr. DODD) are necessarily absent.

I further announce that, if present and voting, the Senator from South Dakota (Mr. DASCHLE) would vote ‘‘aye.’’

The result was announced—yeas 46, nays 51, as follows:

[Rollcall Vote No. 193 Leg.]

YEAS—46

| | | |
|---|---|---|
| Akaka | Feinstein | Lincoln |
| Baucus | Graham | Mikulski |
| Bayh | Harkin | Moynihan |
| Biden | Hollings | Murray |
| Bingaman | Inouye | Reed |
| Boxer | Jeffords | Reid |
| Breaux | Johnson | Robb |
| Bryan | Kennedy | Rockefeller |
| Byrd | Kerrey | Sarbanes |
| Chafee, L. | Kerry | Schumer |
| Cleland | Kohl | Specter |
| Conrad | Landrieu | Torricelli |
| Dorgan | Lautenberg | Wellstone |
| Durbin | Leahy | Wyden |
| Edwards | Levin | |
| Feingold | Lieberman | |

NAYS—51

| | | |
|---|---|---|
| Abraham | Bunning | Craig |
| Allard | Burns | Crapo |
| Ashcroft | Campbell | DeWine |
| Bennett | Cochran | Domenici |
| Bond | Collins | Enzi |
| Brownback | Coverdell | Fitzgerald |
| Frist | Kyl | Sessions |
| Gorton | Lott | Shelby |
| Gramm | Lugar | Smith (NH) |
| Grams | Mack | Smith (OR) |
| Grassley | McCain | Snowe |
| Gregg | McConnell | Stevens |
| Hagel | Murkowski | Thomas |
| Hatch | Nickles | Thompson |
| Helms | Roberts | Thurmond |
| Hutchison | Roth | Voinovich |
| Inhofe | Santorum | Warner |

NOT VOTING—3

| | | |
|---|---|---|
| Daschle | Dodd | Hutchinson |

The amendment (No. 3843) was rejected.

Mr. REID. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 3842

The PRESIDING OFFICER. The question is on agreeing to the Gramm for Lott amendment No. 3842.

Mr. REID. Mr. President, I make a point of order that the pending amendment violates section 302(f) of the Congressional Budget Act of 1974.

Mr. LOTT. Mr. President, I move to waive the Budget Act and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arkansas (Mr. HUTCHINSON), is necessarily absent.

Mr. REID. I announce that the Senator from South Dakota (Mr. DASCHLE), is necessarily absent.

I further announce that, if present and voting, the Senator from South Dakota (Mr. DASCHLE) would vote ‘‘no.’’

The yeas and nays resulted—yeas 14, nays 84, as follows:

[Rollcall Vote No. 194 Leg.]

YEAS—14

| | | |
|---|---|---|
| Abraham | DeWine | Smith (OR) |
| Ashcroft | Fitzgerald | Snowe |
| Biden | Gorton | Specter |
| Breaux | Roth | Torricelli |
| Collins | Santorum | |

NAYS—84

| | | |
|---|---|---|
| Akaka | Enzi | Leahy |
| Allard | Feingold | Levin |
| Baucus | Feinstein | Lieberman |
| Bayh | Frist | Lincoln |
| Bennett | Graham | Lott |
| Bingaman | Gramm | Lugar |
| Bond | Grams | Mack |
| Boxer | Grassley | McCain |
| Brownback | Gregg | McConnell |
| Bryan | Hagel | Mikulski |
| Bunning | Harkin | Moynihan |
| Burns | Hatch | Murkowski |
| Byrd | Helms | Murray |
| Campbell | Hollings | Nickles |
| Chafee, L. | Hutchison | Reed |
| Cleland | Inhofe | Reid |
| Cochran | Inouye | Robb |
| Conrad | Jeffords | Roberts |
| Coverdell | Johnson | Rockefeller |
| Craig | Kennedy | Sarbanes |
| Crapo | Kerrey | Schumer |
| Dodd | Kerry | Sessions |
| Domenici | Kohl | Shelby |
| Dorgan | Kyl | Smith (NH) |
| Durbin | Landrieu | Stevens |
| Edwards | Lautenberg | Thomas |

| | | |
|---|---|---|
| Thompson | Voinovich | Wellstone |
| Thurmond | Warner | Wyden |

NOT VOTING—2

| | |
|---|---|
| Daschle | Hutchinson |

The PRESIDING OFFICER. On this vote, the yeas are 14, the nays are 84. Three-fifths of the Senators duly chosen and not having voted in the affirmative, the motion is rejected. The point of order is sustained and the amendment falls.

VOTE ON AMENDMENT NO. 3844

The PRESIDING OFFICER. The question is on agreeing to the Feingold amendment No. 3844. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arkansas (Mr. HUTCHINSON) is necessarily absent.

Mr. REID. I announce that the Senator from South Dakota (Mr. DASCHLE) is necessarily absent.

I further announce that, if present and voting, the Senator from South Dakota (Mr. DASCHLE) would vote ''aye.''

The result was announced—yeas 44, nays 54, as follows:

[Rollcall Vote No. 195 Leg.]

YEAS—44

| | | |
|---|---|---|
| Akaka | Feinstein | Lincoln |
| Baucus | Frist | McCain |
| Bayh | Harkin | Mikulski |
| Biden | Hollings | Moynihan |
| Boxer | Inouye | Murray |
| Breaux | Johnson | Reed |
| Bryan | Kennedy | Reid |
| Byrd | Kerrey | Robb |
| Chafee, L. | Kerry | Rockefeller |
| Conrad | Kohl | Sarbanes |
| Dodd | Landrieu | Schumer |
| Dorgan | Lautenberg | Torricelli |
| Durbin | Leahy | Wellstone |
| Edwards | Levin | Wyden |
| Feingold | Lieberman | |

NAYS—54

| | | |
|---|---|---|
| Abraham | Enzi | McConnell |
| Allard | Fitzgerald | Murkowski |
| Ashcroft | Gorton | Nickles |
| Bennett | Graham | Roberts |
| Bingaman | Gramm | Roth |
| Bond | Grams | Santorum |
| Brownback | Grassley | Sessions |
| Bunning | Gregg | Shelby |
| Burns | Hagel | Smith (NH) |
| Campbell | Hatch | Smith (OR) |
| Cleland | Helms | Snowe |
| Cochran | Hutchison | Specter |
| Collins | Inhofe | Stevens |
| Coverdell | Jeffords | Thomas |
| Craig | Kyl | Thompson |
| Crapo | Lott | Thurmond |
| DeWine | Lugar | Voinovich |
| Domenici | Mack | Warner |

NOT VOTING—2

| | |
|---|---|
| Daschle | Hutchinson |

The amendment (No. 3844) was rejected.

Mr. MOYNIHAN. Mr. President, I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON MOTION TO COMMIT

The PRESIDING OFFICER. The question is on agreeing to the motion to commit.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arkansas (Mr. HUTCHINSON) is necessarily absent.

Mr. REID. I announce that the Senator from South Dakota (Mr. DASCHLE) is necessarily absent.

I further announce that, if present and voting, the Senator from South Dakota (Mr. DASCHLE) would vote ''no''.

The result was announced—yeas 53, nays 45, as follows:

[Rollcall Vote No. 196 Leg.]

YEAS—53

| | | |
|---|---|---|
| Abraham | Frist | Murkowski |
| Allard | Gorton | Nickles |
| Ashcroft | Graham | Roberts |
| Bennett | Gramm | Roth |
| Bond | Grams | Santorum |
| Brownback | Grassley | Sessions |
| Bunning | Gregg | Shelby |
| Burns | Hagel | Smith (NH) |
| Campbell | Hatch | Smith (OR) |
| Cochran | Helms | Snowe |
| Collins | Hutchison | Specter |
| Coverdell | Inhofe | Stevens |
| Craig | Kyl | Thomas |
| Crapo | Lott | Thompson |
| DeWine | Lugar | Thurmond |
| Domenici | Mack | Voinovich |
| Enzi | McCain | Warner |
| Fitzgerald | McConnell | |

NAYS—45

| | | |
|---|---|---|
| Akaka | Edwards | Levin |
| Baucus | Feingold | Lieberman |
| Bayh | Feinstein | Lincoln |
| Biden | Harkin | Mikulski |
| Bingaman | Hollings | Moynihan |
| Boxer | Inouye | Murray |
| Breaux | Jeffords | Reed |
| Bryan | Johnson | Reid |
| Byrd | Kennedy | Robb |
| Chafee, L. | Kerrey | Rockefeller |
| Cleland | Kerry | Sarbanes |
| Conrad | Kohl | Schumer |
| Dodd | Landrieu | Torricelli |
| Dorgan | Lautenberg | Wellstone |
| Durbin | Leahy | Wyden |

NOT VOTING—2

| | |
|---|---|
| Daschle | Hutchinson |

The motion was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DODD. Mr. President, earlier today I was necessarily absent while attending to a family member's medical condition during Senate action on rollcall votes 189 through 193.

Had I been present for the votes, I would have voted as follows: On rollcall vote No. 189, Senator KERRY's amendment No. 3839, to establish a National Housing Trust Fund in the Treasury of the United States to provide for the development of decent, safe, and affordable housing for low-income families, I would have voted aye.

On rollcall vote No. 190, the motion to waive the Budget Act with respect to Senator SANTORUM's Amendment No. 3838, to provide for the designation of renewal communities and to provide tax incentives relating to such communities, to provide a tax credit to taxpayers investing in entities seeking to provide capital to create new markets in low-income communities, and to provide for the establishment of Individual Development Accounts (IDAs), and for other purposes, I would have voted no.

On rollcall vote No. 191, the motion to waive the Budget Act with respect to my and Senator WELLSTONEs amendment. No. 3837, to amend the Internal Revenue Code of 1986 to increase the unified credit exemption and the qualified family-owned business interest deduction, to increase, expand, and simplify the child and dependent care tax credit, to expand the adoption credit for special needs children, provide incentives for employer-provided child care, and for other purposes, I would have voted aye.

On rollcall vote No. 192, Senator HARKIN's amendment No. 3840, to protect and provide resources for the Social Security System, to amend title II of the Social Security Act to eliminate the ''motherhood penalty,'' increase the widow's and widower's benefit and to amend the Internal Revenue Code of 1986 to increase the unified credit exemption and the qualified family-owned business interest deduction, and for other purposes, I would have voted aye.

On rollcall vote No. 193, Senator BAYH's amendment No. 3843 to amend the Internal Revenue Code of 1986 to increase the unified credit exemption and the qualified family-owned business interest deduction and provide a long-term care credit, and for other purposes, I would have voted aye.

AMENDMENT NO. 3838

Mr. ROTH. Mr. President, while I am sympathetic to the goals of the Santorum amendment and I strongly support some of its provisions, I must vote against it at this time.

The amendment offered by the Senator is 251 pages long and has 12 titles. It includes new tax incentives and new authorization programs. Some of the incentives are new starters that have never been considered before. While the amendment is based on an agreement that has been announced by the Speaker's Office and the White House, that specific agreement has not been finalized, introduced, or considered by the House of Representatives.

A few weeks ago, Senator SANTORUM introduced a slightly smaller version of his amendment as a bill. That bill, S. 2779, was referred to the Finance Committee. Our Committee has held no hearings on the bill and we have not marked it up. The Joint Committee on Taxation has not had a chance to offer its comments on the full package or formally to tell us how much it costs. The Administration has not provided us with its views. Since the bill was introduced, my staff has been contacted by a variety of groups asking for technical changes to make the tax incentives operate better.

My colleagues know that I am a strong supporter of some of the provisions in the amendment. Increases in the low income housing credit cap and the private activity bond volume cap are long overdue. Tax credits for individual development accounts are a new and promising concept that I included in last year's tax bill. Nevertheless, I believe that the proper course is for the Finance Committee to take the time to review and evaluate all the provisions of this amendment. Accordingly, I will vote against it at this time.

AMENDMENT NO. 3838

Mr. REED. Mr. President, I oppose this amendment because it contains language that raises serious First Amendment questions regarding the separation of church and state.

This amendment basically allows taxpayer dollars to flow to religious institutions, such as churches, mosques, and synagogues, to administer social services and public health benefits on behalf of our federal government. I believe this provision is Constitutionally suspect and requires more thoughtful Congressional scrutiny in the form of hearings and public discussion. Instead, this dubious language has been slipped into a several-hundred page amendment that few, if any, of my Senate colleagues have probably read.

Unlike the charitable choice provision in the 1996 welfare reform act, which applies to a very limited number of social service programs, this language would expand the scope of ''charitable choice'' to every current and future public health and social service program that receives federal funds. This new charitable choice language also would go further by allowing religious institutions receiving taxpayer dollars to discriminate in their hiring and firing decisions on the basis of their particular religious beliefs and teachings, abrogating the intent of our nation's civil rights laws.

Thus, under this particular provision, persons hired with federal taxpayer money, notwithstanding their personal religious beliefs, could be fired because they did not abide by particular religious standards, such as regular church attendance, tithing, or perhaps abstinence from coffee, tea, alcohol, and tobacco. This new language could allow a federally funded employee to be fired because she remarried without seeking an annulment of her first marriage. This seemingly innocuous ''charitable choice'' language amounts to federally funded employment discrimination, and allows religious organizations supported by taxpayer money to exclude people of different tenets, teachings and faiths from government-funded employment.

I would also like to address a point made by Senator SANTORUM last evening regarding Vice President GORE's support of ''charitable choice.'' Senator SANTORUM failed to mention that in a speech given in May 1999 by the Vice President, he stated that any charitable choice ''extension must be accompanied by clear and strict safeguards.'' He also said that ''government must never promote a particular religious view, or try to force anyone to receive faith.'' This amendment fails on both accounts.

There is a tradition in Rhode Island of religious tolerance and respect for the boundaries between religion and government. Indeed, Roger Williams, who was banished from Massachusetts for his religious beliefs, founded Providence in 1636. The colony served as a refuge where all could come to worship as their conscience dictated without interference from the state. With that background, I believe that we should be very careful to maintain the distinction between government and religion. They both have important roles to play, especially in helping some of our country's neediest citizens. However, if a church or mosque is going to accept taxpayer dollars to perform contractual government services, they should not be able to deny employment to qualified American citizens. Our nation's laws should not allow discrimination on the basis of religion.

I suspect that the drafters of the amendment understand the Constitutional infirmities of their language. They seek some protection by inserting a reference to the ''Establishment Clause in the First Amendment'' as a check on permissible programs. However, such an approach blithely ignores the succeeding words of the same sentence. ''Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof . . .'' (emphasis added).

Their use of the Establishment Clause is a transparent ploy to dress up dubious legislation in the trappings of the Constitution without giving effect to the full meaning of the Constitution. The proposed legislation raises serious questions about the ''free exercise'' of religion. By imposing religious tests on federally funded employment and by condoning religious based treatment regimes paid for by public funds which may conflict with the religious beliefs of beneficiaries, this legislation severely impinges on the ''free exercise'' of conscience.

With specific regard to the religious beliefs of beneficiaries, the drafters try to salvage this amendment from the Constitutional morass that they have created. They purport to require governmental entities to provide access to an ''alternative'' service provider if an individual objects to the religious character of the service provider. Having abandoned the Constitution, the amendment now abandons reality. In a country with insufficient resources to fully treat and serve all who qualify for public services, where are these alternative service providers? We are all familiar with the long waiting lists for substance abuse treatment, just to name one area of concern. We are equally familiar with situations in many areas, both rural and urban, where there is only one realistic provider. How available can any alternative provider be in practice? Moreover, why should a qualified beneficiary have to advance a ''religious'' reason as a condition to receiving public benefits?

Unfortunately, the enactment of the ''charitable choice'' language in this amendment will result in expensive and time-consuming Constitutional litigation, bogging down the passage of its laudatory community renewal provisions.

Mr. President, I would urge my colleagues to oppose this amendment and to vote against federally supported religious discrimination.

I ask unanimous consent that the full text of my remarks be included at the appropriate place in the RECORD.

AMENDMENT NO. 3838

Mr. ROCKEFELLER. Mr. President, I believe in the importance of the New Markets initiative to promote growth and economic development in struggling communities across our country. I have worked closely with Senator ROBB on this effort, as well as the President and his Administration. Given the commitment of President Clinton and Speaker HASTERT, I believe we may have a real chance to enact meaningful legislation on New Markets.

But I do not believe the Santorum amendment is the right starting point. I have serious questions about the provisions in the bill labeled ''Charitable Choice.'' While I strongly support and admire the community development and social service work performed by faith-based organizations, I am deeply troubled by the potential for discrimination in hiring on the basis of an applicant's faith with programs funded by federal dollars. This is not good public policy.

Senator ROBB has announced his intention to introduce another New Markets bill, and I will continue to work closely with the distinguished Senator from Virginia. We introduced the original New Markets bill in August of 1999, and I am committed to working for passage of a final package. But such an important initiative deserves consideration in the Finance Committee, and more than ten minutes of flood debate.

West Virginia has several Empowerment Zones/Enterprise Communities, including Huntington, McDowell County, the Central Appalachia Community and the Upper Kanawha Community. These communities are working hard to deliver on the promise of the President's economic development initiative, and I am proud of our progress. Together we can make a real difference.

I hope that the Santorum amendment will not prevail, but that Members will work together to build on the Clinton-Hastert initiative to develop vital legislation to promote New Markets. We should provide tax incentives to promote new investments. We should expand on the success of Empowerment Zones and create new Renewal Communities to help small businesses get started in struggling communities. We should invest in affordable housing by expanding the Low-Income Housing Tax Credit and promote home ownership by expanding Mortgage Revenue Bonds. We should make these strategic investments, but not include language that might allow discrimination in hiring practices which would cause controversy and hinder the important investments of New Markets.

Mr. CRAIG. Mr. President, during debate of H.R. 8, the question has been raised: Does the death tax really impact family-owned farms and businesses?

The answer is an emphatic ''Yes!''

According to the book, ''The Millionaire Next Door,'' self-employed individuals are four times as likely to accumulate $1 million in assets over their lifetime than those people who work for someone else. Moreover, while self-employed individuals make up only 20 percent of the workforce, they comprise two-thirds of those Americans whose estates are worth more than $1 million. As a tax on accumulated wealth, the estate tax is a direct attack on these individuals.

Meanwhile, the Small Business Administration Office of Advocacy estimates that seven out of ten family-owned businesses fail to survive from one generation to the next. While this failure rate can be attributed to many factors, the federal estate tax is cited by family business owners as a major obstacle blocking a successful transition. For example, a report by the Family Enterprise Institute found that 60 percent of black business owners believe the estate tax makes the survival of their business significantly more difficult or impossible.

Finally, the estate tax hampers the ability of family-owned businesses to compete against larger corporations. In testimony before the House Ways and Means Committee, a lumberyard owner from New Jersey spoke of incurring up to $1 million in costs associated with preserving the family business pending the death of his grandmother. At the same time the family was incurring these costs, the business was also competing against a new Home Depot store that had moved into the area. Home Depot is not subject to the estate tax.

Mr. President, death tax repeal is also pro-jobs. A survey of 365 businesses in upstate New York found an estimated 14 jobs per business were lost in direct consequence of the costs associated with estate tax planning and payment. That amounts to more than 5,000 jobs lost in a limited geographical area. Nationally, the Wall Street Journal reported that an estimated 200,000 jobs would be created or preserved if the estate tax were eliminated.

Mr. President, a false argument made by the opposition is that the tax code already protects family-owned businesses from the death tax. While the 1997 Taxpayer Relief Act included provisions to protect family-owned businesses from the death tax, these provisions have proven so complicated and cumbersome that few family businesses choose to use them.

For example, in order to qualify for the Family Business Exclusion, an heir has to have worked in the family business for at least five of the eight years leading up to the death of the owner. Following the death of the owner, the family must continue to participate in the business for at least five out of eight years.

Both these restrictions create significant problems for family members. How does a son or daughter know when the eight-year ''clock'' starts ticking. If their parents are elderly, do they sacrifice going to college in order to begin working in the business? Moreover, once the business is transferred, the tax deferred by receiving the Qualified Family Business designation hangs over the business for at least eight years, affecting the ability of the business to attain credit or attract investors.

Similar difficulties have been realized from other carve-outs. For example, Section 2032A allows closely-held farms and businesses to receive a valuation based upon the property's current use—say farming—rather than its ''highest and best'' use—say commercial development.

In order to qualify for the lower valuation, however, the estate and heirs must meet qualifications similar to those required for the Family Business Exclusion. Despite the obvious benefits, only a small fraction—less than one percent in 1992—of taxable estates elect to use it. The provision is simply too complicated for widespread use.

With regard to the death tax, it is proving very difficult to protect one set of assets while taxing another. A good-faith attempt was made to protect family-owned businesses from the death tax three years ago, but by most accounts that attempt has largely failed. The best way to protect family farms and businesses from the death tax is to repeal it.

I have a paper by Bill Beach of the Heritage Foundation summarizing just a few of the real life stories of farms and businesses harmed by the death tax. I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered. (See exhibit 2.)

Mr. CRAIG. Mr. President, repealing the estate tax is one of the more populist tax cuts considered by Congress this session. Not only do studies show the estate tax has a dramatic impact on the ability of family-owned farms and businesses to survive and create job opportunities, survey after survey has revealed that 70 to 80 percent of Americans in general are critical of the tax and supportive of its repeal. This broad-based support is evident in the number of states that have acted to repeal their state-level estate taxes. Since 1980, more than 20 states have elected to repeal their estate taxes.

Mr. President, there is no excuse for continuing a tax that confiscates capital from our most productive citizens. It's anti-growth. It's anti-jobs. It's anti-American.

Mr. President, it's time to bury the death tax.

EXHIBIT 1

DEATH TAX DEVASTATION: HORROR STORIES FROM MIDDLE-CLASS AMERICA

(By William W. Beach, Director, Center for Data Analysis, The Heritage Foundation)

The death tax is the nightmare of the American dream, as these real-life experiences from middle-class America will show.

Millions of Americans spend their adult lives working hard, sacrificing and saving, obeying the law, and doing the countless other things that official Washington has told them are the ingredients of a successful life. They are encouraged as federal laws are passed that should expand economic opportunity and guarantee that civil rights will be as much as part of the marketplace as they are a part of community life and education. Thousands of political speeches reinforce the impression they have that Washington believes the United States really is a land of opportunity and a place where the financial fruits of hard work can be used to endow the next generation's economic struggle with greater potential.

However, for those whose economic success also resulted in significant assets (like a farm, a small business, a factory, or a trucking fleet), what official Washington says is nothing less than a lie. At the end of life, the federal death tax will sweep across the profits of family-owned businesses and estates and leave in its wake millions of devastated survivors, employees, and communities. Many people whose assets will be depleted to pay the death tax unfortunately learn about estate and gift taxes so late in life that they spend their last days as frequently in the company of their tax lawyers and accountants as they do with their families.

The federal government taxes the transfer of wealth between generations at rates as high as 55 percent. At $30 billion dollars, the death tax burden in the United States is the greatest in the world. Indeed, this country owns the dubious distinction of holding the fruits of economic success in lower regard than many of its ideological and economic adversaries.

The full case for repealing federal death taxes will involve more than testimony from its victims. However, evidence of harm to the U.S. economy and public finances pales in comparison to the stories of the men and women whose economic virtues regrettably laid the basis for their own and their offspring's financial devastation. The following sampling of evidence from that anecdotal record has been compiled from testimony before Congress, newspaper articles, and statements of family members whose lives were changed by federal death taxes.

THE DEATH TAX HURTS FAMILY FARMS AND RANCHES

The death tax destroys family businesses and farms, and forces families to spend their hard-earned money on lawyers, accountants, and life insurance policies to deal with it. The Public Policy Institute of New York found a negative relationship between anticipated death tax liability and growth in employment, particularly for growing firms. Business owners are afraid to hire new people and expand their businesses when they face the death tax. The reason is simple: Hiring new people is optional; paying taxes on the family estate is not.

*Family Farm Horror Story #1*

Tim Koopman's family has owned ranch property in California for most of this century. His children would like to continue to run the ranch, but the death tax may prevent this.

Since Tim's mother died four years ago, the Koopman's have paid about $400,000 in death taxes. For three of those years, however, Tim has been able only to pay the interest on the death tax bill, and soon he will not be able to pay that without selling some or all of his land. This is a decision that he does not want to face. This land is an important part of his life.

The Koopman's faced the death tax once before. In 1973, Tim was forced to sell one of the family's ranches to pay the $125,000 death tax bill that he owed when his father died. Now the family faces the death tax again. Tim wants to pass the ranch on to his children, but the hefty death tax may leave little ranch for him to do so.

*Family Farm Horror Story #2*

Lee Ann's family owns a ranch in Idaho. They have lived there for three generations, providing jobs for the local economy and helping to create a strong community. The family did not acquire a lot of material wealth, so it came as a great shock when the government hit them with a $3.3 million death tax bill after their father's death.

Although the death of Lee Ann's father was devastating, the death tax bill made it worse. The family had no debts and owned their land outright; they thought they had nothing to tax. However, their land had increased in value enough to trigger the death tax. Lee Ann's mother, who has been under tremendous strain since her husband's death, is haunted by the realization that after she dies, her family may lose the ranch because of this tax.

Another concern is who will buy the ranch if they are forced to sell. Lee Ann worries that, as is the case with so many other properties, the purchaser will not be another family rancher, but rather a wealthy absentee owner who flies in once or twice a year for a vacation. This has been happening more frequently in Idaho, and the sense of community that Lee Ann enjoyed for most of her life is quickly being lost.

*Family Farm Horror Story #3*

Robert Sakata is a 42-year-old vegetable farmer from Brighton, Colorado. Back in 1944 his father paid $6,000 for 40 acres of land to begin a family farm. Six years later, he purchased additional land for $700 an acre. Today, the elder Sakata is 73 and owns 2,000 acres of farmland near the Denver International Airport—a piece of land worth nearly $380 million.

This might seem like a wonderful situation for the Sakata family, yet the family owns no other investments; after the elder Sakata and his wife pass away, Robert will face a tax bill of over $200 million. Robert has admitted that he would have to sell off half the farm and lay off many of his 350 workers ''who are like family.'' ''We don't live like millionaires,'' Robert has stated. ''We're just trying to sustain a family business.''

They will have a difficult time. the death tax will force them to lay off workers and sell land that has been part of the family for more than five decades. This treatment of hardworking successful citizens is hardly the story line for an American dream.

THE DEATH TAX THREAT TO FAMILY BUSINESSES

The Center for the Study of Taxation found that three out of four families faced with liquidating all or part of their business to pay the death tax would have to cut their payroll in the process. Moreover, studies by the Institute for Policy Innovation (IPI) and Congress's own Joint Economic Committee have found that the death tax costs communities more in lost jobs and lower economic growth than it raises for the U.S. Treasury.

*Family Business Horror Story #1*

After her father's death from cancer, Terry Deeny, like many Americans, could not reflect on her personal loss, spend time with her family, and build family cohesion. Instead, death taxes forced Terry to concern herself with her family's survival. As Chairman and CEO of Deeny Construction Co., Terry watched as payment of the death taxes drove her company deeply into debt. She had no choice but to lay workers off, sell much of the company machinery, and stop many business transactions that had kept the business alive. ''We barely survived. It was not an American dream; it was an American nightmare.''

It is hard for people like Terry to find justification for the federal government to force Americans to scrounge for money in order to pay a tax that puts many into debt, especially when the money otherwise could be used to help create jobs and enable even more citizens to achieve the American dream.

*Family Business Horror Story #2*

Barry, an entrepreneur in Kentucky, likens the death tax to the old saying about sheep: Slaughter your sheep and you will get dinner for a night. Shear it and you will get a lifetime of wool. By endangering the future of his family's business, the death tax is threatening his employees' livelihoods as well as costing the government future revenue.

For three generations, Barry's family ran their own business in Kentucky. Today, they own 20 gas stations and convenience stores and employ about 100 people. However, Barry's father is growing older and would like to pass on the business.

According to Barry, the family has spent a significant amount of money on accountants and attorneys in preparation for shifting ownership of the businesses from his father to Barry's generation and the grandchildren. Family members have purchased insurance and have gone through rewriting several wills and trusts. ''It's something you continually update,'' Barry says; ''every time a new grandchild is born, we have to revise the will and trusts.''

The death tax also affects the ability of Barry's businesses to grow. New opportunities take time to develop, but between worrying about how to pay the death tax and meet other federal regulations, Barry finds it is harder to pursue new opportunities. In the end, the businesses and their communities suffer.

*Family Business Horror Story #3*

Clarence owns a farming and lumber business in North Carolina. He provides jobs to 70 people in the community who work on his three small farms, in his fertilizer and tobacco warehouse, and at a small lumber mill. His family has worked hard for four generations to build the business. However, all this may be lost when Clarence dies and his family is faced with enormous death tax bill.

Clarence has tried to reduce the burden of the death tax. He has intentionally slowed the growth of his business, hired lawyers, purchased life insurance, and established trusts—all to create a plan that he hopes will enable his children to keep the family business when he dies.

But all that work and planning may not be enough. Clarence figures that his son will owe the federal government about $1.5 million upon his death—a difficult sum for most people to raise, but especially so for a man who makes $31,000 a year. It will be impossible for his son to pay that much, so he may have to sell all or part of the business. It would be the fourth time that Clarence's family will have had to pay the death tax. The federal government, in the end, will have destroyed the work of four generations.

*Family Business Horror Story #4*

Everett has been in the newspaper business for 30 years. His company publishes six weekly papers in northern California and the telephone directory for two counties. He employs 97 people. From his first small weekly paper, Everett has built his company into a $3 million business.

Nevertheless, all the hard work may be for naught. Everett's wife died two years ago, and he placed her share of the corporate stock in a trust for their daughter. His daughter and her husband, who is the publisher for all the business's publications, will still face a hefty death tax that may cause them to lose the business when Everett dies.

For years, the number of small, family-owned weeklies has been declining in northern California. The people who work for the weeklies and the small towns that depend on these newspapers for information and entertainment will suffer when these businesses shut down. Abolishing the death tax would help preserve the legacy of hard work and dedication that thousands of families like Everett's have given to their communities.

*Family Business Horror Story #4*

Wayne Williams' family has owned a telecommunications and video communications business in Washington since 1982. The family's philosophy is that it is important to reinvest profits in employees, new products, and expanding opportunities. The company has maintained a commitment to improving the local community and tied most of its financial worth up in the business. That means Wayne does not have the cash on hand to pay the death tax when his parents die.

So Wayne has had to take other measures to save his family from the devastation of the death tax, including scheduling gifts, buying life insurance, and slowing reinvestment in the firm. This last action does not mesh well with the family's philosophy of reinvesting profits, but the death tax makes it necessary.

The fact that thousands of family businesses are in the same fix explains why eliminating the death tax is the number one priority of so many owners of small businesses. It also could explain why a majority of Americans agree that the death tax is simply unfair and should be eliminated.

*Family Business Horror Story #5*

David Pankonin, whose story first appeared in the Wall Street Journal, is the fourth-generation owner of Pankonin's Inc., in Nebraska. David's great-grandfather established this retail farm equipment company in 1883 in Louisville, Nebraska. The business has been handed down there times through the family, and David hopes that some day he will be able to hand it down to his own son. He worries because the odds—and the estate tax laws—are against him.

Only 30 percent of businesses survive a first intergenerational transfer. Only 4 percent survive to the next generation. A third transfer—the transfer that put Pankonin's in David's hands—usually has survival odds of less than 1 percent. Now David wonders if the business can survive another transfer. In his words, ''Will I be able to pass the company inherited from my father along to my son or, in spite of what my will might say, am I just working hard to pay an heir called Uncle Sam?''

THE DEATH TAX THREAT TO THE ENVIRONMENT

When people think about the death tax, they tend to focus on its devastating effect on family businesses and farms. However, the death tax also hurts the environment. Many landowners, especially those in rural areas, are ''land rich, but cash poor.'' If the owner of a family business dies, the heirs often will have to sell their assets because they do not have enough money to pay the death tax. Since land is valued at its ''highest and best use,'' they must sell to developers in order to raise the necessary cash.

*Impact on the Environment Case #1*

The Hilliard family is a good example of how the death tax hurts the environment. The family was forced to sell 17,000 acres of land in southern Florida to developers to pay its death tax bills. So far, 12,000 acres have been developed; the rest will soon follow. The family did not intend to sell the land before the death tax bill and had not made plans to develop it.

The Hilliard's land is in the heart of Florida panther habitat. The panther, an endangered species, requires a large amount of land to survive. The death tax indirectly threatens the panther's habitat every time it forces local Florida's landowners to sell their land to real estate developers.

Today, over 75 percent of species listed under the Endangered Species Act rely on privately owned land for some or all of their habitat. The death tax creates a huge burden for those that wish to keep their land undeveloped.

TAX AVOIDANCE

Historically, the death tax brings in only about 1 percent of total federal revenues. Yet, the costs to administer and collect the death tax, including litigation, as well as the costs of its economic effects can add up to 65 cents on every dollar collected. That means net revenue collected from this onerous tax is just nearly one-third of the total tax collected.

According to the Institute for Policy Innovation, the death tax costs the economy almost as much as it raises for the federal government. This is because the death tax harms the most potent engine of growth in the economy—America's small businesses and their employees. The IPI study found that if Congress repealed the death tax today, the increase in economic growth that resulted from this reform would replace any loss to the U.S. Treasury by the year 2010.

A 1996 Heritage Foundation analysis of death taxes using the WEFA Group U.S. Macroeconomic Model and the Washington University Macro Model found that, if the estate tax had been repealed in 1996, then over the next nine years: The U.S. economy would average as much as $11 billion per year in extra output; an average of 145,000 additional job could be created each year; personal income could rise by an average of $8 billion per year above the current projections; and the extra revenue generated by the additional growth in the economy would more than compensate for the meager revenue losses stemming from the death tax's repeal.

*Wasted Resources Case #1*

Robert, an entrepreneur, began investing in Northern California real estate early in life, making large profits from the resale of his land. He used the profits to invest in a vineyard in Napa Valley that now has a fair market value of $20 million.

Robert planned on leaving the vineyard to his children. Two of his three children work on the vineyard already and they would like to continue to do so. However, Robert is afraid that when he dies he is going to have to leave all that he has worked hard to build to the federal government, rather than to his children. To make sure his legacy lives on, Robert has spent approximately $50,000 on legal, accounting, and appraisal bills.

He is also making annual $10,000 gifts to his children and has given away 45 percent of his winery to his children. He has changed his company from a sole proprietorship to a limited liability company, and has formed a family limited partnership for the vineyards.

*Wasted Resources Case #2*

Richard Forrestel, Jr., of Akron, New York, has spent a substantial amount of time and effort to avoid the devastation wrought by the death tax. Forrestel's father founded Cold Spring Construction Company. Forrestel stated that, ''My family's construction company has already wasted over $4 million 1980 in insurance purchases and stock redemptions solely in order to be able to pay the death tax.'' ''I wish death tax proponents would tell the truth—they simply want to redistribute wealth,'' continues Forrestel. ''The American dream of my father should not be broken up and sent to Washington when he dies.''

Each day, hundreds of Americans spend more and more money in an attempt to shelter as much of their estate as possible from taxation after they pass away, so that their offspring can benefit from their years of hard work. This money could have been reinvested into the company, creating more jobs and helping more Americans in their daily lives, but the death tax makes this almost impossible.

*Wasted Resources Case #3*

Ronald works at a steel manufacturing plant his father started in Philadelphia in 1952. Its stainless steel plate products are sold to other manufacturers for various uses. Ronald and his brother have been working with their father to develop an estate plan to smooth the transition of ownership from the second generation to the third.

However, this task has been difficult. Ronald does not have 55 percent of his business assets in cash so, that he can pay off the death tax bill when his father dies. So, he has to spend his precious time and money on lawyers and insurance agents. He has to stop the growth of his plant to ensure he can pay the tax bill. The death tax means that Ronald cannot buy a new price of equipment or hire a new employee because he must spend his extra money on lawyer's fees.

*Wasted Resources Case #4*

Helen and her husband dreamed of owning a community newspaper. After years of planning, they finally realized their dream in 1965 and bought a small, struggling weekly paper in northern Georgia. They invested all their savings and have turned that small paper into a $2 million business that publishes three other weeklies as well.

Helen is worried that all of their hard work will go to waste when she and her husband die. She would like to pass the business on to her sons, but she may not be able to if the government hands her a 55 percent death tax bill. Her family has spent thousands of dollars already in legal fees to ensure she can pass her business on as she and her husband hope, but this still may not happen. The 55 percent death tax will be levied on the family estate despite all the corporate and personal taxes they have paid through the years.

*Wasted Resources Case #5*

The family business of Michael Coyne has lasted through three generations across 67 years. What started as a small New Jersey lumber company in 1932 has grown into three home improvement stores and a separate kitchen and bath store. However, the same business that made it through the ravages of the Great Depression and the shortages of World War II may not survive the death tax.

Michael's experience with death taxes began 10 years ago when his grandfather passed away. The majority of the estate was left to his grandmother; though they obtained appropriate legal representation and death tax planning, it became clear that the business would not survive after his grandmother's death.

Michael and his family have contributed more than just stability to their community for generations. They employ 70 people, and they have paid all their taxes. Yet for the past 10 years, they have been forced to spend over $1 million on life insurance policies, lawyers, accountants, and other efforts to protect the business from the death tax. Despite these efforts, the family faces a death tax bill in the millions of dollars. The business might not survive.

CONCLUSION

Even though many countries such as Australia and Canada do not have a death tax, the United States continues to reserve its highest marginal tax rate of 55 percent for estates that involve family farms and businesses. The lowest rate imposed by Washington (37 percent) is nearly twice the average death tax rate of 21.6 percent in 24 other countries that do impose death taxes. And while most countries impose a top rate on estates of $4 million or more, the top death tax rate in this country is imposed on estates valued $3 million or more. This policy is wrong in a country that built its future on the idea that with enough hard work and determination anyone could move up the economic ladder.

By eliminating the death tax, Congress could put more money in the pockets of Americans who in turn, would give more to their favorite charities and to their communities during their life times as well as after death. While the death tax was supposed to be a tax on the rich, American families who work hard to build a family business or farm and their employees of are the ones most often left paying the bill. The mathematics are simple: The tax rate on a worker who loses his other job as a result of the death tax is 100 percent. Clearly, with estimates of the federal budget surplus now exceeding $1.87 trillion over the next ten years, it's time to do away with this faulty tax policy.

Mr. LEAHY. Mr. President, in Vermont, small businesses and family farms form the backbone of our economy. I have always been a strong supporter of targeted estate tax relief for these family-owned farms and small businesses. Targeted relief would help families in Vermont keep their property intact and in the family.

What we have are two very different approaches to estate tax relief.

Under the Republican proposal, H.R. 8, relief from the estate tax would be phased in gradually over ten years and the initial benefits would be directed towards the wealthiest estates, those valued at over $20 million. Under this proposal, not a single small business or family farm would be removed from the tax next year or even 9 years from now. That is because H.R. 8 does not actually repeal the estate tax until the next decade. This proposal would cost American taxpayers $105 billion in the first ten years and $50 billion in each year after that.

Under the second proposal, the Democratic Alternative put forth by Senator MOYNIHAN, thousands of additional farms and small businesses would be exempt from the estate tax in the very first year after its enactment. Under the Democratic Alternative, business owners and farmers would be able to leave $2 million per individual and $4 million per couple without paying estate tax in 2001. By 2010, business owner's and farmer's assets totaling $8 million would be exempt. This proposal would cost approximately $64 billion over 10 years.

We now have a choice between a proposal that would provide immediate relief to small business owners and farmers at a cost we can afford and a fiscally irresponsible measure that would provide a windfall to the wealthiest estates at a high cost to Vermonters and the American public. I choose the affordable, immediate, targeted relief that we have with the Democratic proposal—a proposal that I believe is a better deal for Vermonters.

The Republicans have stated that H.R. 8 is designed primarily to help small businesses and family farms. But who would benefit the most from this proposal? I think an article on the front page of the Business Section of today's New York Times sums it up well, and I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. LEAHY. The New York Times article said that had the estate tax been repealed in 1997, as the Republicans now propose, more than half of the tax savings would have gone to the slightly more than 400 individuals who died that year leaving estates valued at $20 million or more. Only about 400 estates in the entire nation, Mr. President.

In other words, under the Republican proposal, once again, only the wealthiest individuals would reap the majority of the benefits. Only gradually would any benefits trickle down to the small business owners and farmers who Republicans are professing to help. Under the Republican proposal hard working Vermonters would bear the burden of a windfall to the wealthy.

In Vermont, in 1998, 227 estates were subject to the estate tax. If the Republican proposal were adopted in 1997, not a single one of those estates would have been removed from the rolls in the following year. Under the Democratic Alternative, small business owners and farmers would have received immediate relief. When all is said and done, with the Democratic Alternative, approximately two-thirds of all estates would not be subject to the estate tax.

Do we want relief for our farmers and small business owners now, at a cost we can afford? Or do we want an unworkable partisan solution that will lead inevitably to a presidential veto, endless debate, and empty campaign slogans? I think that Vermonters deserve the immediate relief that is available under the Democratic proposal, relief that would keep small businesses and family owned farms intact, relief that is balanced and affordable.

EXHIBIT NO. 1

[From the New York Times, July 13, 2000]

DEMOCRATS' ESTATE TAX PLAN IS LITTLE KNOWN

(By David Cay Johnston)

Small business owners and farmers whose Washington lobbyists are ardent backers of a Republican-backed plan to repeal the estate tax seem largely unaware that President Clinton—who has vowed to veto the Republican proposal—has said he would sign legislation that would exempt nearly all of them from the tax staring next year.

Business owners and farmers would be allowed to leave $2 million—$4 million for a couple—to their heirs without paying estate taxes under the plan favored by the President and the Democratic leadership in Congress. The Republican proposal, which passed the House last month with some Democrats' support and is being debated in the Senate this week, would be phased in slowly, with the tax eliminated in 2009.

Supporters of the Republican plan say the tax is so complicated that eliminating it is the only effective reform; they argue that the nation's growing wealth means more estates will steadily fall under the tax if it remains law on the Democratic proposal's terms.

Still, had the Democratic plan been law in 1997, the last year for which estate tax return data is available from the Internal Revenue Service, the estates of fewer than 1,300 owners of closely held businesses and 300 farmers would have owed the tax.

According to the data, 95 percent of the roughly 6,000 farmers who paid estate tax that year would have been exempted under terms of the Democrats' plan, as would 88 percent of the roughly 10,000 small-business owners who paid the tax.

Had the estate tax been repealed in 1997, as the Republicans now propose, more than half of the tax savings would have gone to the slightly more than 400 individuals who died that year leaving individual estates worth more than $20 million each.

Two prominent experts on estate taxes said yesterday that the Democrats were offering a much better deal to small-business owners and farmers, because the relief under their bill would be immediate and the estate tax would be eliminated for nearly all of them.

''The fact is that the Democrats are making the better offer—and I'm a Republican saying that,'' said Sanford J. Schlesinger of the law firm of Kaye, Scholer, Fierman, Hays & Handler in New York. With routine estate planning, he said, the $4 million exemption could effectively be raised to as much as $10 million in wealth that could be passed untaxed to heirs. Only 1,221 of the 2.3 million people who died in 1997 left a taxable estate of $10 million or more, I.R.S. data shows.

Neil Harl, an Iowa State University economist who is a leading estate tax adviser to Midwest farmers, said that only a handful of working family farms had a net worth of $4 million. ''Above that, with a very few exceptions, you are talking about the Ted Turners who own huge ranches and are not working farmers,'' he said.

Mr. Harl said he was surprised that farmers were not calling lawmakers to demand that they take the president up on his promise to sign the Democratic bill.

One reason for that may be that in leading the call for repeal of the tax, two organizations representing merchants and farmers—the National Federation of Independent Business and the American Farm Bureau Federation—have done little to tell members about the Democratic plan. Interviews this week with half a dozen people whom the two organizations offered as spokesmen on the estate tax showed that only one of them had any awareness of the Democratic proposal.

Officials of the business federation and the farm bureau said that in the event full repeal failed, they might push for approval of the Democratic plan. But both groups say outright repeal makes more sense.

''My concern is not over the Bill Gateses of the world,'' said Jim Hirni, a Senate lobbyist for the business federation. ''But we have to eliminate this tax, because it is too complicated to comply with the rules. Instead of further complicating the system, the best way is to eliminate the tax, period.''

A farm bureau spokesman, Christopher Noun, said that the Democrats' plan appeared to grant benefits that would erode over time. ''Farmers are not cash wealthy, they are asset wealthy,'' he said. ''And those assets are only going to continue to gain value over the years. So while some farmers may not be taxed now under the other plan—10 or 15 years out they will.''

Whether the proposal to repeal the tax dies in the Senate or is passed and then vetoed by the President, it will become a powerful tool for both parties in the fall elections. The Republicans will be able to paint themselves as tax cutters who would carry out their plans if they could just win the White House and more seats in Congress. The Democrats could try to paint the Republicans as the party that abandoned Main Street merchants and family to serve the interests of billionaires.

A vote in the Senate could come as early as this evening.

At the grass roots, however, those who would benefit from any reduction in the scope of the estate tax take a much more pragmatic view of the matter.

''The whole reason I took up this cause is I do not want to see another small family business get into the situation we are in,'' said Mark Sincavage, a land developer in the Pocono Mountains of Pennsylvania whose family expects to sell some raw land soon to pay a $600,000 estate tax bill to the federal and state governments.

The independent business federation cited Mr. Sincavage's situation as an especially good example of problems the estate tax causes its members who are asset rich but short on cash. Facing similar circumstances is John H. Kearney, a Ford and Lincoln dealer in Ravena, N.Y., who said he ''got slammed pretty hard'' when his father died last year. Most of his father's $1.6 million estate was in land and the car dealership, said Mr. Kearney, who added that he dipped into savings intended for his children's education to pay the estate tax bill.

Neither Mr. Sincavage nor Mr, Kearney said he was aware of the Democrats' plan to roll back the tax.

But Mr. Kearney said his interest was in reasonable tax relief so that merchants and farmers could continue to nurture their businesses, not in helping billionaires.

''No part of me has any sympathy for people with more than $5 million,'' he said. ''Would I feel terrible if all they did was raise the exemption to $4 million or $5 million? I would say from my selfish standpoint that we have covered the small family farm and small business and thus we achieved what we wanted to achieve.

''But I would still be asking: Is it really a moral tax to begin with? And that's a point you can argue a hundred different ways.''

Carl Loop, 72, who owns a wholesale decorative-plant nursery in Jacksonville, Fla., said he favored repeal, partly because estate tax planning was fraught with uncertainty.

''The complexity of it keeps a lot of people from doing estate planning because they don't understand it,'' Mr. Loop said. ''And they don't like the fact that they have to give up ownership of property whole they are alive.''

Professor Harl, the Iowa State University estate tax expert, said that he had heard many horror stories about people having to sell farms to pay estate taxes. But in 35 years of conducting estate tax seminars for farmers, he added, ''I have pushed and hunted and probed and I have not been able to find a single case where estate taxes caused the sale of a family farm; it's a myth.''

Mr. ENZI. Mr. President, I rise in support of the Death Tax Elimination Act of 2000. The time has come to stop death from being a taxable event.

The repeal of the Federal death tax is one of the top priorities for tax reform in my home State of Wyoming. The reason is simple—Wyoming is made up almost exclusively of small businesses, and the Federal death tax hits small business owners the hardest of any group in society. Many of the small businesses in Wyoming are in the agricultural sector—ranching and farming businesses that have been built up by families working together to help feed Wyoming and America. These farms and ranches not only provide a great service to our State and the country as a whole by helping provide food that we eat every day, but they are an integral part of the western way of the life. All too often, I have heard the painful stories of families who were forced to sell their ranches or farms just to pay the taxes when their parents pass away. The death tax chips away at our very way of life in the West and elsewhere and should be abolished.

The death tax discourages thrift and pierces the very heart of the American economy—small businesses. We should never forget that small businesses are the backbone of the American economy. The simple fact is that most businesses in this country are small businesses. Out of the nearly 5.5 million employers in this country, 99 percent are businesses with fewer than 500 employees. Almost 90 percent of those businesses employ fewer than twenty employees. Since the early 1970s, small businesses have created two out of every three net new jobs in this country. This remarkable job growth continued even during periods of slow national growth and downturns when most large corporations were downsizing and laying off workers. Small businesses employ more than half of the private sector workforce and are responsible for producing roughly half of our nation's gross domestic product. By punishing small businesses, the Federal death tax stifles our economy, discourages ingenuity, and threatens the economic security of many of our families.

The Federal death tax also tears at the bonds that unite parents and children and families and communities. The family business has historically been one of the primary means for children to learn skills and virtues that help them throughout their entire lives. I know many of the hard-working men and women in Wyoming who run our State's family ranches and farms. The whole family pitches in to harvest the crops, feed the livestock, mend the fences, fix the irrigation ditches, plow the roads, herd the sheep and cattle, and plan for next year's crops or herds. Children learn that hard work and responsible planning are necessary ingredients for success in work as in life. They learn respect for the land that is their livelihood. They learn to appreciate the labor of their parents and grandparents and they realize their own labor is an investment in their future and the future of their children.

Unfortunately, we live at a time in America when there are all too many forces in our society telling our children that everything goes and that instant gratification is the only goal in life. It we as policymakers want to curb this trend, if we want to teach our children the importance of personal responsibility, hard work, and investment in their future, we should encourage family-owned businesses which are one of the domestic classrooms for teaching our children these time-honored virtues.

I have a little experience in operating a small business myself. My family and I ran a couple of small family-owned shoe stores in Gillette, WY. We didn't have separate division for merchandising and marketing. We didn't have an accounting department to sort out the complicated tax code. We all wore many hats. We had to sell the shoes, balance the books, keep track of our inventory, and straighten out the shelves. We had to sweep the sidewalks when we opened in the morning and at the end of a long day, we had to clean the floors and organize the store room. Let me tell you that we all learned to pitch in to get the job done. We learned to work together and we learned to appreciate the hard work and sacrifices each of us made to keep the store running smoothly.

We also learned firsthand the importance of living by the golden rule. If you don't treat your customers well in the retail business they don't forget. This is especially true of folks in small towns where there are always a few people who remember what you did as a kid and who can even tell you stories about your parents and grandparents. The joy is, they also remember you when you treat them well. The family-owned business is an important means we have in America of passing on our heritage from one generation to the next.

Our tax code represents our tax policy and we should be ashamed at a code which punishes families and stifles our economy. Every year our tax code forces thousands of families to sell their businesses just to pay the repressive Federal death tax. It is time we correct this injustice by eliminating the death tax. I commend Chairman ROTH for his diligent work bringing this bill to the floor. I also commend Senator KYL, who has been a tireless advocate for the repeal of this tax ever since he came to the United States Senate and who made an important contribution to the legislation before us today. I urge my colleagues to join me in standing up for America's small businesses by putting the death tax permanently to rest.

Mr. HOLLINGS. Mr. President, since the beginning of the fiscal year, the national debt has increased, not decreased. Since we have been running a deficit and there is no surplus, any tax cut or loss of revenues only increases the debt rather than paying down the debt. Accordingly, I oppose the telephone tax cut, and I oppose this estate tax cut. As John Mitchell used to say, ''Watch what we do, not what we say.'' We say pay down the debt but we increase it.

Mr. LEVIN. Mr. President, I oppose the Republican proposal to repeal the Federal estate tax and support the Democratic alternative proposal to provide relief from the estate tax to those who need it most—small businesses and family farms.

The current estate tax was first enacted by Congress in 1916, partly at the behest of President Theodore Roosevelt. Teddy Roosevelt was right. It's appropriate to tax a little more those who have prospered greatly from the American political and economic systems in order to provide some assistance to those who have also worked hard but have fallen behind. That's the basic tenet of our progressive system of taxation. Roosevelt was also correct that the tax should not discourage people from seeing to it that their children are well-off, but rather be aimed at immense fortunes. That is why I support the Democratic proposal to reform the estate tax to provide prompt relief to small business owners and farmers, rather than the Republican proposal to repeal it gradually over the next ten years, but totally for even the greatest fortunes while making small businesses and farmers wait for relief.

The Democratic proposal targets tax relief to persons with more modest estates and to small businesses and family farms and it does so at a more reasonable cost. By increasing the exemption for Qualified Family-Owned Business Interests from its current level of $2.6 million per couple to $4 million per couple in 2001, the Democratic alternative provides immediate relief by removing altogether more than 90 percent of family farms and more than 60 percent of small businesses from the estate tax rolls. In stark contrast, the Republican plan removes no one from the estate tax burden for another 10 years.

In addition to providing relief immediately, the Democratic proposal does so at a more reasonable cost—$64 billion over 10 years, compared to $105 billion for the Republican repeal. This $40 billion difference can and should go to other important national priorities—such as a prescription drug benefit for Medicare, making a college education more affordable, extending Medicare's solvency, or reducing the national debt. But the Republican repeal will cost much more than that. In its second 10 years, 2011–2020, the same decade in which the baby boomers begin to retire and place enormous strains on the Medicare system and on Social Security, the Republican repeal is estimated to cost up to $750 billion. To give such a huge tax cut to a few thousand of the wealthiest among us at the expense of important national priorities for our children, grandchildren, and senior citizens is simply wrong.

I believe that taxes should be distributed fairly among all Americans. I also believe that we have a responsibility to protect Medicare and Social Security, to pay down the national debt, and to make the investments in health-care, education and other key areas that will keep America strong in the future. The Democratic estate tax reform plan is consistent with these goals. The Republican plan puts them at risk.

Mr. KENNEDY. Mr. President, I am disappointed that the Senate has taken four days now to debate the estate tax before making any real progress on education, health, or debt reduction. Democrats agree that owners of small businesses and farms need relief from this tax, and if the Republicans had worked with us, this problem could have been solved long ago. Instead, our Republican colleagues are holding small business owners and farmers hostage as their excuse to provide an enormous windfall to the wealthiest 1 percent of taxpayers—people who have an average income of over $800,000 a year. The repeal of the estate tax that they seek, costing over $50 billion a year, is the ultimate tax break for the wealthy, and any repeal bill will eminently deserve the veto that President Clinton has promised if it reaches his desk.

The Senate has much higher priorities that we should have addressed this week. Tens of millions of senior citizens face a crisis because they can't afford the prescription drugs they need. The extraordinary promise of fuller and healthier lives brought by new prescription drugs is beyond their reach. They need help to afford these life-saving, life-changing miracle drugs. But instead of doing the work that is needed to enable all seniors to access the prescription drugs they need, the Senate spends day after day doing the bidding of a few thousand of America's wealthiest citizens.

We send tens of millions of young children to dilapidated, crumbling, over-crowded schools with underpaid teachers each day—yet we stand here debating a bill to repeal the tax on multi-million dollar estates.

Millions of working men and women and their families struggle to survive on the minimum wage at its current unfair level of $5.15 an hour. The Republican Senate has no time to meet their needs—yet the time of the Senate is instantly available to those who make thousands of dollars each hour.

Congress has not found time to resolve any of the daily problems facing the vast majority of the nation's working families, its senior citizens, and its school children. In this ''do-nothing Congress,'' the list of priority matters on which nothing is done goes on and on—gun safety, the patients' bill of rights, protecting children from tobacco, protecting the environment. There is no time for any of these issues—but there is always time to help millionaires and even billionaires reduce their taxes. It is obvious where the priorities of our Republican friends lie.

All Americans should take a clear look at what the Republicans really want when they propose a full repeal of the estate tax. Current law now taxes only the largest 2 percent of all estates. No one else pays any estate tax. Today anyone can bequeath unlimited resources to a spouse completely free of the estate tax, and $675,000 to anyone else—again completely without tax. Present law already exempts up to $1.3 million for family-owned businesses and farms.

We Democrats seek to substantially raise these exemptions so that next year, no one pays the tax on the first two million dollars in value of any estate, and by 2010, no one pays the tax on the first four million dollars in value of any estate. The Democratic plan affords owners of small businesses and family farms double these exemptions, so that couples who own a small business or family farm worth up to $8 million would pay no estate tax at all. If a business or farm is worth over $8 million, only the portion over $8 million in an estate is taxed under the Democratic plan. The Democratic plan will eliminate all estate taxes for more than half of those who currently pay them. I stand with my Democratic colleagues in fully supporting this common sense approach to estate tax reform.

Estate tax repeal, however, is simply a boon for the three thousand largest estates each year, valued not in millions, but in the tens of millions of dollars. These huge estates are the only ones significantly affected by the estate tax.

Currently, over half of all estate taxes are paid by the top one tenth of the wealthiest one percent—estates worth more than $5 million. There are fewer than three thousand of these estates out of the 2.3 million Americans who die each year. According to an analysis by the Citizens for Tax Justice, 91 percent of the tax benefits from repeal of the estate tax would go to the top 1 percent of taxpayers—who have an average annual income of $837,000. As Treasury Secretary Lawrence Summers has said, repealing the estate tax would qualify as the most regressive and back-loaded tax legislation ever.

Republicans don't want to talk about who will really benefit from this enormous tax cut. Instead, they talk about the plight of small family owned farms and businesses. What they don't tell you is that these family owned small businesses and farms account for less than ten percent of estate taxes today.

We could act now—and we should—to help families keep their farms and businesses when the owner dies. This concern is legitimate—but it does not justify eliminating the entire estate tax. The estate tax problem for small businesses and family farms could be solved at a fraction of the cost of the Republican bill. Our Democratic proposal provides full relief to these families.

If helping owners of small farms and businesses were the Republicans' real goal, they would join us to pass the Democratic estate tax reform overwhelmingly. After all, the Democratic plan exempts almost all owners of small businesses and farms immediately, while the Republican plan takes ten years before exempting anyone. Republicans obviously know that giving immediate relief to family farms and small firms will take away any pretext at all for the enormous windfall that they want to give the richest taxpayers. They know they can never explain the real purpose of their estate tax repeal to the voters—so they are holding relief for small business owners and small farmers hostage to their unacceptable larger scheme for helping the super-rich.

The people whom the Republican leadership is really working for—but whom they don't want to mention—are those few people who inherit the 3,000 estates each year that are worth more than $5 million. These estates are one in every thousand estates—yet they pay over half of the current estate tax. When pressed to explain why these estates need to have taxes eliminated entirely, Republicans respond vaguely in terms of ''fairness.'' They never explain why it is fairer to tax the earned income of working families than the unearned inheritance of the wealthiest families in America. That is a fairness issue they never want to talk about. There is nothing compassionately conservative about repealing the estate tax.

Republican President Theodore Roosevelt thought the estate tax was fair when he proposed it a century ago. He believed then and we believe today that those who have the largest financial resources have an obligation to help provide for the basic needs of the less fortunate members of this community. Obviously, today's Republicans don't share Teddy Roosevelt's values.

The supporters of the Republican estate tax repeal have also carefully designed it to conceal its real long-run cost. Under their scheme, full repeal would not occur until the year 2010. When fully phased in, the repeal will cost over $50 billion a year. The cost of repealing the estate tax will be nearly three quarters of a trillion dollars in the second ten years. This nation cannot afford to devote three quarters of a trillion dollars to repealing the estate tax. The 98 percent of Americans who would receive no tax relief from repeal of the estate tax know it is unfair to spend this vast amount on the wealthiest taxpayers.

Let's consider what $50 billion a year can accomplish for the American people—if we don't repeal the estate tax. It is more than the entire budget for the Department of Education. We could double the federal investment in schools—provide smaller classes with better teachers, state of the art computer technology for every classroom, and modern school facilities across the nation. We could double the financial assistance for college students.

Consider what $50 billion a year could do for senior citizens. It is $10 billion more than is needed to fully fund prescription drug coverage for all elderly Americans under Medicare.

We have a bipartisan congressional goal to double the funding for medical research through the National Institutes of Health and improve the health of our entire nation. Fifty billion dollars a year would allow us to virtually triple the NIH budget.

These are the most pressing needs of the American people—not repeal of the estate tax.

Astonishing as it may seem, I have heard my Republican colleagues stand on this floor and claim that the projected budget surplus enables us to easily afford their estate tax repeal. But by the time their law is fully effective in 2010, it will cost the Treasury over $50 billion each year, rising to $750 billion over ten years.

Repeal of the estate tax would also cost the country billions in charitable contributions. A Treasury Department analysis estimates that it would cause charitable contributions to be reduced by $6 billion per year. Colleges that rely on donations to build buildings and provide scholarships would be hurt. Medical schools that rely on donations to conduct medical research would be halted. Public Hospitals that rely on donations to buy equipment and buildings would have to cut back on their ability to provide health care. Shelters that rely on donations to keep people warm and fed would have to turn more people away. Six billion dollars is precious to the non-profit sector of this Nation.

The entire Department of Education will have budgeted $48 billion in fiscal year 2005. You don't hear Republicans saying we can easily afford to double education spending. Instead, during the recent debate on the Labor-HHS appropriations bill, we repeatedly heard our Republican colleagues say that they had to compromise among competing meritorious priorities to fit within their limited budget. They have ample money for the super-rich—but nothing for students in crumbling schools.

The same is true for prescription drugs. President Clinton's proposal would cost about $40 billion in 2010, the year before Republicans want to begin giving over $50 billion each year in tax breaks to the wealthiest of all Americans.

I vote for prescription drugs over estate tax repeal. I vote for education over estate tax repeal. I vote for medical research over estate tax repeal. This issue should not even be a close question for 98 percent of Americans.

The Republican Party is living up to its reputation as the ''Let Them Eat Cake'' Party.

What do they propose for senior citizens who desperately need prescription drugs? Republicans say, ''Let them eat cake.''

What do they propose for schools and students? Republicans say ''Let them eat cake.''

What do they propose for workers struggling to survive on the minimum wage? Republicans say, ''Let them eat cake.''

What do they propose for the richest 1 percent of taxpayers? A $50 billion annual windfall at the expense of America's hard-working families.

I say, ''Let them eat cake'' will work no better for the Republican Party than it did for Marie Antoinette.

Mr. GRAMS. Mr. President, I rise to make a few brief follow-up remarks about the repeal of the unfair and unjust death tax. As I said before, it is the family farms and small business owners that the death taxes particularly harm, not the rich, as our colleagues from the other side of aisle claim.

Mr. President, the death tax hurts average American workers as well. Let me give you another example of how this tax penalizes those workers:

Hy-Vee, Inc., headquartered in Iowa, with operations in my state of Minnesota and 7 other Midwestern states, is one of the largest employee-owned companies in the nation. Over the past half a century, the employees and the management of Hy-Vee have built a very successful business. It is ranked one of the top 15 supermarket chains in this country, and top 5 supermarket chains based on cleanliness, and other services.

Through the company's profit-sharing mechanism, workers in Hy-Vee are rewarded for their hard work. Over 171 workers of the Hy-Vee company have accumulated assets of over $650,000. These employees are not wealthy individuals by any means but average workers who work at the checkout lines or at mid-level management.

However, a large portion of the earnings from their hard work can be taken away by the government if we don't eliminate the death tax.

Ron Pearson, CEO of Hy-Vee, says: ''We believe that in many ways, employee ownership represents the truest expression of the American dream. It is simply unfortunate that the dream also contains a nightmare—the estate tax.''

Mr. President, I believe Mr. Pearson is right. We must repeal the death tax to preserve the American dream for working Americans.

Mr. President, I ask unanimous consent that an article telling Hy-Vee's story be printed in the RECORD.

There being no objections, the material was ordered to be printed in the RECORD, as follows:

HY-VEE, INC.

(By Ron Pearson)

A strong case could be made that Hy-Vee, Inc., Iowa's largest employer, represents the essence of American capitalism.

Hy-Vee, headquartered in West Des Moines, is one of the nation's largest employee-owned companies, ranking 32nd in Forbes Magazine's list of the top private firms. With the slogan, ''A Helpful Smile in Every Aisle,'' Hy-Vee, Inc. operates more than 200 stores in seven Midwestern states, and generates annual sales in excess of $3.5 billion—making it one of the top 15 supermarket chains in the nation. In addition to 184 Hy-Vee Food Stores, the Company operates 27 Drug Town drug stores. Hy-Vee also has developed or acquired several subsidiary companies to provide goods and services in dairy, perishables, floral, grocery products, banking, construction and advertising.

Hy-Vee was founded in 1930 by Charles Hyde and David Vredenburg, who opened a small general store in Beaconsfield, Iowa. Eight years later, the two men incorporated as Hyde & Vredenburg, Inc., with 15 stores and 16 stockholders. The name Hy-Vee is a contraction of the two founders' names.

From its very beginning, Hy-Vee has been employee-owned. Profits are shared with employees through the Company's Profit-Sharing Trust Fund, and a combination of bonus, commission, and incentive systems. Every Hy-Vee employee, from CEO Ron Pearson to produce clerks and truck drivers, is included in the plan. The result is an incredibly loyal and long-serving employee group renowned throughout the Midwest for unflagging dedication to customer service, efficient operation, and community involvement. Within the grocery industry, Hy-Vee enjoys a sterling reputation as a retailing innovator as well as a Company with a strong commitment to high ethical standards and business integrity. Hy-Vee's food safety training program, for example, has become a national model of workplace procedures designed to insure freshness and quality. Ron Pearson has served as co-chairman of a national task force on diversity in the supermarket industry, reflective of his Company's involvement in expanding management opportunities for female and minority employees. In 1997, Hy-Vee was ranked by Consumer Reports magazine as one of the nation's top 5 supermarket chains on the basis of cleanliness, courtesy, speed of checkout and price/value.

All in all, Hy-Vee represents the pinnacle of success not only within the supermarket industry, but also as an organization in which the individual employees are held to the highest standards—and rewarded for their work. Some 171 active employees of the Company have accumulated balances of $650,000 or more in their retirement holdings and Hy-Vee stock. These are store employees, mid-level managers and the like, people who hardly fit the negative stereotype that most Americans have of the wealthy. Yet it is these individuals—and their families—whose life holdings are at risk because of the federal estate tax.

The estate tax was implemented early in the 20th Century as a way to break up the incredible wealth that had concentrated among a relatively small group of families. The tax has long outlived its usefulness; in fact, the amount of estate taxes collected each year doesn't even cover the cost of collection. But it lives on, penalizing people like the estate tax employees who have earned a secure future for their families over a lifetime of hard work.

''As an employee-owned company, we've had great success in building a reputation for customer service, efficient operations, and community involvement, in large part because we're the owners,'' Pearson says. ''The federal estate tax ends up penalizing employees who've built a retirement nest egg through hard work and dedication.''

The estate tax places the philosophy underlying employee ownership at risk. Hard work, after all, should have its own rewards.

Still, Hy-Vee has no doubt that its formula works best—for all concerned: its employees, certainly, but also its customers and the communities it serves. ''We believe that in many ways, employee ownership represents the truest expression of the American dream,'' Pearson says. ''It is simply unfortunate that the dream also contains a nightmare—the estate tax.''

Mrs. MURRAY. Mr. President, I rise today to speak briefly about the estate tax repeal bill before the Senate.

Along with eight of my Democratic colleagues, I am a cosponsor of S. 1128, the Kyl-Kerrey repeal bill. Barring the attachment of any egregious amendments, I intend to vote for final passage of H.R. 8.

But while I am a cosponsor of S. 1128, I want to take a moment to voice my concern about the debate we have had so far.

I believe there are two policy challenges before us.

First, Congress needs to ensure the vast majority of Americans—including those who do not own family business and farm assets—do not need to worry about paying estate taxes or going through burdensome estate tax planning. Current law does a fairly good job in this area. In fact, only two percent of estates actually pay an estate tax each year.

The estate tax reform provisions we passed as part of the Taxpayer Relief Act of 1997 helped take us further in the right direction. But the prosperity we've had in the last seven years has threatened to push more people in the direction of costly estate tax planning. In the spirit of a fairer tax code, Congress needs to take additional action.

The second policy challenge we face is more complex. That challenge is to ensure the tax code does not prevent the efficient transfer of family businesses and farms to the next generation. Unfortunately, in its current form, the estate tax can be a major hurdle to the efficient transfer of family business and farm assets.

One of the arguments made for the estate tax is it deconcentrates wealth. The problem is family businesses—sometimes as the result of planning for the estate tax or paying the estate tax—have been swept up by large corporations with no ties to the community. We need to recognize changes in the economy have also changed the debate we should be having on the estate tax.

I am a cosponsor of S. 1128 because I believe it is the only reasonable vehicle before us that addresses how we transfer family businesses and farms to the next generation. Unfortunately, estate tax repeal is extremely expensive. And at the end of the day, I am still hopeful we can find another solution to the two policy challenges I have outlined.

While I will vote to pass H.R. 8, I must express some disappointment with the estate tax debate we've had in Congress. It's as if both sides have dug in so deep with the same arguments for so long that we can't have a thoughtful debate on the merits of the issue. The black and white choice is either to repeal the ''death'' tax or to oppose a tax break that will only benefit America's wealthiest citizens.

My friends in the majority could be proposing estate tax reform or repeal in the context of a responsible, long-term fiscal plan. Unfortunately, they have chosen not to do so. It seems the extent of the fiscal planning our majority colleagues have done is to note there were 279 votes in the House for H.R. 8—enough to override an expected veto. I believe the American people deserve more thoughtful deliberation.

Meanwhile, many Democrats and the Administration have been slower to react to real and heartfelt concerns people have about the estate tax. H.R. 8 has been criticized by some of my colleagues as a bill that would simply benefit the wealthiest estates. I can tell you that I have not been contacted by the wealthiest individuals in my state. Rather, for the last seven years, I have heard from family business and farm owners who are desperate to get a tax code that effectively allows them to transfer their operations to the children and grandchildren. They want their Washington state businesses to remain Washington state businesses for many years to come.

Since I first began working on estate tax reform in 1995, my commitment has been to provide estate tax relief to small family businesses and farmers. I believe the public interest on this issue is to continue to work—as I have done the last five years—to push forward with estate tax reform. Therefore, I supported the Democratic alternative and I will support H.R. 8. It is my sincere hope we can work on a bipartisan basis to craft a compromise that President Clinton will sign before the end of the year. And I hope the compromise will include estate tax relief for small businesses and farms in the next ten years, which H.R. 8 does not do.

It is clear H.R. 8 will be vetoed, and likely Congress will sustain the veto. But I'm glad we had the debate. Earlier this week, when we appeared deadlocked on the estate tax bill, I initiated a letter signed by all nine of the Democratic cosponsors of S. 1128. The letter urged the majority leader to allow a reasonable number of Democratic amendments on the estate tax bill.

Following my letter, I was pleased we were able to move forward with a unanimous consent agreement to consider the estate tax bill. After this debate, I hope we can move forward to consider the other pressing business before us, including passage of permanent normal trade relations for China.

CARRYOVER BASIS PROVISIONS

Mr. FEINGOLD. Mr. President, the Senator from California inquired of me about the intent of the amendment with regard to the carryover basis. Let me assure the Senator from California that it is the intent of the sponsors that for estates over $100 million in size the carryover basis provisions would not apply. Those estates would be able to benefit from the stepped-up basis provisions of current law. To the extent that my amendment is unclear on this matter, I would fight for changes in Conference that would make that entirely clear.

Mrs. FEINSTEIN. Mr. President, I thank the Senator from Wisconsin for his clarification. The point he makes is essential to me. If I had not had the understanding with regard to the carryover basis that he has just indicated, I would not have supported the amendment.

● Mr. DASCHLE. Mr. President, we have worked hard over the last 7 years to restore strength to our Nation's economy. We have turned record deficits into record surpluses. Today, we are about to make a decision none of us could have imagined making in 1993. The question facing us is: How should we spend the first significant portion of the surplus?

Our Republican colleagues believe we should use the first major portion of the surplus to eliminate a tax that is paid by only the wealthiest 2 percent of Americans. They say the first, best use of the surplus is to give people with estates worth more than $20 million a $10.5 million tax break.

The cost of their plan is $105 billion for the first 10 years. In the second 10 years, the cost balloons to $750 billion. Three-quarters of a trillion dollars in the second 10 years alone—to eliminate a tax paid only by the wealthiest 2 percent of Americans. The full cost of the Republican estate tax cut would hit at the worst possible time: just as the baby boomers are starting to retire. That is our Republican colleagues' highest priority for the surplus: to help those who are already benefitting most from this economy.

Democrats disagree. We support cutting the estate tax. We voted in 1997 to do just that.

Today we are offering a plan to cut estate taxes even further. But our plan is different—in three very important ways—from the Republican plan.

First, our plan helps family farmers and ranchers, and small-business owners, immediately.

The Republican plan does not remove one family-owned farm or ranch or small business during the first 10 years. Not one.

Just as an aside, I must say I have been surprised, during this debate, to hear so many of our colleagues on the other side of the aisle expressing concern for family farmers and ranchers. In South Dakota and all across this country, family farmers and ranchers are working practically around the clock to scratch out a living. They are working 12 hours a day, 7 days a week—not even making back their production costs, earning less than their parents and grandparents earned in the Depression.

Too many of them are being forced to sell farms and ranches that have been in their families for generations—not because they cannot pay estate taxes; their farms and ranches are not worth enough to owe any estate taxes. They are being forced out by the disastrous Federal agriculture policies put in place by a Republican Congress. I am relieved to hear our colleagues acknowledge, finally, that family farmers and ranchers need help from this Government. I hope they will continue to believe that when we move on to the agriculture appropriations bill next week.

That is the first difference between our plan to cut estate taxes and the Republican plan: Our plan cuts estate taxes for family farmers and ranchers immediately. Their plan does nothing for family farmers and ranchers for the first 10 years.

The second major difference is, our plan costs less: $65 versus $105 billion over the first 10 years. Our plan does not cost in the second decade, as their plan does.

Our plan is simple and effective. For couples with assets of up to $4 million, we eliminate the estate tax entirely. We also eliminate the estate tax on all family farms, ranches, and businesses worth up to $8 million. Under our plan, only the wealthiest seven-tenths of 1 percent of estates and the wealthiest one-half of one percent of family-owned businesses would pay any estate taxes.

Let me say that again: Only the wealthiest seven-tenths of one percent of couples and the wealthiest one-half of one percent of businesses would pay any estate taxes under our proposal.

The third major difference between our plan and the Republican plan is: Our plan also helps the other 98 percent of Americans who do not pay estate taxes. Because we target our estate tax relief, we are able to provide additional tax breaks to families, to help them with real, pressing needs—like child care, paying for college, and caring for sick and aging relatives. Because we target our estate tax relief, we are able to provide a real Medicare prescription drug benefit.

Under our plan, someone who inherits an estate worth $20 million would receive a tax cut of roughly $1 million. Our Republican colleagues say that is not enough. They want to spend hundreds of billions of dollars more than is in our plan, on far bigger tax cuts for multimillionaires. That is their priority for the surplus: bigger tax cuts for the very wealthiest Americans—at the expense of everyone else.

I urge my colleagues on the other side of the aisle: before you cast this vote, imagine sitting down at the kitchen table with parents who are wondering how they are going to pay for their children's college education. Imagine sitting around a kitchen table with a middle-aged woman who is wondering what will happen when her parents need long-term care—where the money will come from. Imagine talking with a retired couple who have cut back on necessities in order to pay for their prescriptions each month. How would you explain your vote to them? How would you explain to them that eliminating a tax that affects only the wealthiest 2 percent of Americans is more important than helping them care for their children, or their aging parents—or helping them with the cost of their prescriptions?

What could you possibly say to convince them to sign onto a $750 billion tax bill that won't help them one nickel, and will come due just as the baby boomers start to retire? For the life of me, I can't imagine.

A Nation's budget is full of moral implications. It tells what a society cares about and what it doesn't care about. It tells what our values are. There are better ways to spend the first major portion of the surplus than by repealing a tax that affects only the wealthiest 2 percent of Americans. America's families have needs that are far more urgent. Those are the needs that should come first.●

Mr. ROBB. Mr. President, I supported final passage of the Death Tax Elimination Act. I'm a cosponsor of similar legislation, and I've long believed that simply dying shouldn't be a taxable event. Death and taxes may be inevitable, but they don't have to be simultaneous.

Because we've been willing to make some tough decisions over the last seven years, we now have the first budget surplus we've seen in this nation in a generation. We need to continue making those tough decisions. We need to keep the prosperity going by investing in our schools and roads and paying down the debt. We need to strengthen Social Security and modernize Medicare by adding a prescription drug benefit. We need to bolster our nation's defenses, which includes improving the quality of life for those who now serve in our military and honoring our commitment to provide health care for life for those who've already served. And we need to provide targeted tax relief.

To address these many needs, we in Congress ought to establish our priorities first. I continue to believe that before we enact massive untargeted tax cuts, we should make sure that Social Security is strong and that Medicare contains a prescription drug benefit. I voted today to phase out the estate tax because I'm committed to making sure that no one loses their farm or their small business because of the way we tax gifts and estates. We know this legislation we passed today will be vetoed. Once the bill is vetoed, I hope we can come to the table in a bipartisan way to address a few of our more pressing national priorities and construct a fair way to protect family farms and small businesses from having to be broken up or sold just to pay estate taxes.

Mr. HATCH. Mr. President, I rise today in support of H.R. 8, the Death Tax Elimination Act of 2000. The death tax, which is also known as the estate and gift or the transfer tax, is an unfair and counterproductive burden on our economy, and it is past time Congress repealed it.

Many of my colleagues who agree with me that this tax ought to be repealed have made many persuasive arguments as to why. Rather than repeat all of these excellent arguments, I would like to focus on just one vital reason the death tax should be repealed: by hurting millions of closely-held businesses and farms, the death tax harms the economy and every American.

Mr. President, our colleagues from across the aisle have been quick to assert that only two percent of all estates are affected by the estate tax and that fewer than five percent of these estates are made up of farms and small businesses. These statistics are highly misleading and conceal a very important point. Estates that actually pay the estate tax represent only the tip of the iceberg of the total number of estates that are harmed by the tax. Let me explain.

Millions of individuals and the owners of millions of family-owned farms, ranches, and closely-held businesses are potentially subject to the estate tax, but the majority of them are able, with great effort and expense, to avoid the tax by complex tax planning or by selling the business or farm. What are left are the two percent of death tax-paying estates my colleagues keep mentioning.

Every year, billions of dollars are spent in legal and tax planning fees and other costs so that estates may effectively avoid the death tax. A survey conducted by the National Association of Manufacturers last month found that, over the past five years, more than 40 percent of respondents spent more than $100,000 on attorney and consultant fees, life insurance premiums, and other estate planning techniques. More than half had spent over $25,000 in the past year. Despite this planning, nearly one-third of the respondents believed the business would have to be sold to pay the death tax if the owner died tomorrow.

Furthermore, thousands of businesses are prematurely sold each year in order to escape the death tax. Business owners are forced into selling their business when they have tangible assets of significant value, such as land or business machinery, and yet have few liquid assets to pay an estate tax bill. Clearly, a great many more taxpayers are affected by the estate tax than opponents of repeal would have us believe.

Let me give you an example, Mr. President. Until late last year, Ken Macey was the chairman of his second-generation family-owned grocery business based in Sandy, Utah. Ken's father had founded the business in 1946, opening a tiny store called ''Sava Nickel'' in a renovated house in North Salt Lake. Relying on old-fashioned hard work and thrift and the principle of treating customers and employees as they would want to be treated, the Macey family built their business into an eight-store chain, with $200 million per year in revenues and 1,800 employees.

Mr. Macey tells me he would have liked to keep the business in the family. However, the long shadow of the death tax loomed. Even though Mr. Macey had spent many thousands of dollars in professional fees for estate tax planning, he still believed his estate was vulnerable for tax rates of up to 60 percent. Rather than risk the trauma of a forced sale upon his death that could have been devastating to his children and the 1,800 employees and their families that depended on Macey's for their livelihood, Mr. Macey decided to sell his business to a larger food store chain.

Although this story could have been much worse if some or all of Macey's employees has lost their jobs, it is a tragedy that a business founded by this Utahn's father was forced to be sold outside the family. Macey's Inc. is another example of the millions of American family businesses that do not survive to the next generation.

Some of the same senators and congressmen—and our President—who have decried the loss of family farms and family-owned small businesses and who have wondered aloud why large corporations seem to be taking over Main Street have totally ignored the estate tax as one major reason. Yet, many of these colleagues continue to argue that repealing the death tax benefits only the wealthiest two percent.

According to the National Federation of Independent Businesses, only about 30 percent of family farms and businesses survive to the second generation, and only about 4 percent survive a second-to-third generation transfer. No one can tell Mr. Macey or his children or grandchildren that they are not the victims of an unfair death tax.

The point is that a huge amount of money, effort, and talent is wasted by millions of individuals and owners of family farms and businesses on activities designed to avoid the death tax. Most of these efforts are successful in the sense that the majority of these estates avoid paying the tax. However, the cost to the economy in terms of lost productivity, business disruption, and lost jobs is enormous.

A December 1998 study by the Joint Economic Committee concluded that the death tax has reduced the stock of capital in the economy by almost a half trillion dollars. By putting these resources to better use, as many as 240,000 jobs could be created over a seven year period, resulting in an additional $24.4 billion in disposable personal income.

A study released last year by the Institute for Policy Innovation (IPI) estimated that the repeal of the estate tax would, over 10 years:

Increase annual gross domestic product by $137 billion.

Boost the nation's capital stock by $1.7 trillion.

Create 275,000 more jobs than would otherwise be created.

The IPI study also estimated that over the first decade following repeal of the death tax, added growth from capital formation would generate offsetting federal revenues of 78 percent of the static revenue loss. By 2010, these gains would totally offset the loss in revenues.

Mr. President, my colleagues who oppose the repeal of the estate and gift tax would have the American people believe that this repeal would benefit only a very few rich families in America. What a distortion of the facts! All of us are hurt by a tax that drives millions of people to spend billions of dollars in largely effective, but economically destructive, activities to avoid paying the death tax. When these efforts fail, jobs are often lost and dreams often die. All of us will benefit by repealing the tax, through increased economic activity, more jobs, more disposable income, and a fairer tax system.

Again, I commend Senator ROTH and other supporters of this bill for pointing out the many reasons it should be passed and passed expeditiously.

I would like my friends and colleagues on the other side of this issue to remember that the estate and gift tax—the ''death tax''—is not a tax on income. Income was already taxed. This is a tax on the American dream. This is a tax on a way of life for many American families and the accumulation of their hard work. This is a tax on their hope for the future, which often includes leaving something for their children and grandchildren.

We must repeal it, and the time is now.

The PRESIDING OFFICER (Mr. BROWNBACK). The clerk will read the bill for the third time.

The bill was read the third time.

Mr. LOTT. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The bill having been read the third time, the question is, Shall the bill pass? The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arkansas (Mr. HUTCHINSON) is necessarily absent.

Mr. REID. I announce that the Senator from South Dakota (Mr. DASCHLE) is necessarily absent.

I further announce that, if present and voting, the Senator from South Dakota (Mr. DASCHLE) would vote ''no.''

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 59, nays 39, as follows:

[Rollcall Vote No. 197 Leg.]

YEAS—59

| | | |
|---|---|---|
| Abraham | Fitzgerald | Murkowski |
| Allard | Frist | Murray |
| Ashcroft | Gorton | Nickles |
| Bennett | Gramm | Robb |
| Bond | Grams | Roberts |
| Breaux | Grassley | Roth |
| Brownback | Gregg | Santorum |
| Bunning | Hagel | Sessions |
| Burns | Hatch | Shelby |
| Campbell | Helms | Smith (NH) |
| Cleland | Hutchison | Smith (OR) |
| Cochran | Inhofe | Snowe |
| Collins | Kyl | Stevens |
| Coverdell | Landrieu | Thomas |
| Craig | Lincoln | Thompson |
| Crapo | Lott | Thurmond |
| DeWine | Lugar | Torricelli |
| Domenici | Mack | Warner |
| Enzi | McCain | Wyden |
| Feinstein | McConnell | |

NAYS—39

| | | |
|---|---|---|
| Akaka | Edwards | Leahy |
| Baucus | Feingold | Levin |
| Bayh | Graham | Lieberman |
| Biden | Harkin | Mikulski |
| Bingaman | Hollings | Moynihan |
| Boxer | Inouye | Reed |
| Bryan | Jeffords | Reid |
| Byrd | Johnson | Rockefeller |
| Chafee, L. | Kennedy | Sarbanes |
| Conrad | Kerrey | Schumer |
| Dodd | Kerry | Specter |
| Dorgan | Kohl | Voinovich |
| Durbin | Lautenberg | Wellstone |

NOT VOTING—2

| | |
|---|---|
| Daschle | Hutchinson |

The bill (H.R. 8) was passed.

Mr. ROTH. Mr. President, I move to reconsider the vote.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

## MARRIAGE TAX PENALTY RELIEF RECONCILIATION ACT OF 2000

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 4810, which the clerk will report by title.

The legislative clerk read as follows:

A bill (H.R. 4810) to provide for reconciliation pursuant to section 103(a)(1) of the concurrent resolution on the budget for fiscal year 2001.

The PRESIDING OFFICER. All after the enacting clause is stricken, and the language of the Senate bill is inserted in lieu thereof.

The Senator from Delaware.

Mr. ROTH. Mr. President, we are now on the reconciliation bill authorized by the budget resolution we adopted in the spring.

I would like to clarify for all Senators that nothing in the consent agreement covering the consideration